

*Bank Act*

to be repaid in fixed amounts on fixed dates, the bank shall disclose to the borrower and his or her guarantors:

- (i) the net amount of the loan
- (ii) the cost of borrowing as an amount in dollars and cents
- (iii) the total obligation of the borrower
- (iv) the effective annual percentage rate of interest
- (v) the dollar amount that the borrower is required to pay periodically on the unpaid balance, and
- (vi) the number of frequency of periodic payments.

(b) Where a loan or advance is secured by a mortgage on real property, the bank shall disclose to the borrower:

- (i) the net amount of the loan
- (ii) the effective annual percentage rate of interest
- (iii) the dollar amount that the borrower is required to pay periodically
- (iv) the total obligation of the borrower
- (v) the term of the mortgage, the number and frequency of periodic payments
- (vi) the net amount outstanding at the end of the term of the mortgage.

(c) Where the total of loans and advances and the cost of borrowing is repayable on the demand, the bank shall disclose to the borrower the effective annual percentage rate of interest.

(d) Where an arrangement allows the borrower thereunder to obtain loans or advances of variable amounts periodically, the bank shall disclose to the borrower:

- (i) the maximum amount, if any, that may be outstanding under the credit
- (ii) the term of each period for which a statement of account is furnished
- (iii) the minimum charge, if any, for each period or the minimum annual charge in dollars and cents
- (iv) the length of the period, if any, during which the borrower may discharge his obligation without incurring any cost of borrowing
- (v) the effective annual percentage rates of interest that apply on the unpaid balance.

(e) Where a lending transaction provides for a variable rate of interest the bank will:

- (i) disclose such provision to the borrower in a manner and form prescribed by this act
- (ii) insure that the variable rate of interest is directly related to an index that is readily available to the borrower, and

(f) A bank may provide additional information or explanations with any disclosure required by this Act, but none shall be stated, utilized or placed so as to contradict, obscure or detract attention from the information required by this act.

(g) A bank shall disclose to the borrower and his or her guarantors the information required to be disclosed by subsection (3)(b) and (c), (d) and (e).

- (i) as part of the proposed contract between the bank and the borrower
- (ii) in a statement given to the borrower and his or her guarantors, or
- (iii) in a promissory note to be signed by the borrower and his or her guarantor

(h) A bank shall disclose to the borrower and his or her guarantors information required to be disclosed by subsection (3)(a) in a separate statement in the form set out in the regulations.

(i) In order to fulfil the requirements for disclosure of the cost of borrowing in a transaction involving more than one borrower, the bank shall disclose the information required to be disclosed by this act to the borrowers and their guarantors.

(j) Any information required to be disclosed by a bank to a borrower and his or her guarantors pursuant to this act, shall be given in person or sent by mail to the most recent addresses of the borrower and his or her guarantors."

**Hon. Stanley Knowles (for Mr. Rae)** moved:

Motion No. 35

That Bill C-6, an act to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other acts in consequence thereof, be amended in clause 2 by adding immediately after line 36 at page 223 the following new subsection:

"(3.1)(a) Where a lender:

(i) fails to make full disclosure to a borrower and his or her guarantors regarding the lending transaction between them as and when required by this act, or

(ii) fails to give to a borrower a copy of any agreement evidencing the lending transaction between them, as required under this act;

the effective rate of interest in respect of the lending transaction is the prime rate on the day the transaction is entered into.

(b) Subsection (a) does not apply in respect of a failure to make full disclosure to a borrower and his or her guarantors in respect of a lending transaction where a court finds in proceedings relating to the lending transaction commenced by the lender, that the error, omission or insufficiency in the disclosure to the borrower and his or her guarantors was not of such a nature as to be likely to mislead or deceive."

• (2150)

**The Acting Speaker (Mr. Blaker):** Is the House ready for the question?

**Some hon. Members:** Question.

**The Acting Speaker (Mr. Blaker):** The hon. member for Winnipeg North Centre (Mr. Knowles) corrects me. The order indicates that the motions are to be voted on separately. Accordingly, may the Chair assume that they have now been read and put to hon. members?

**Some hon. Members:** Agreed.

**The Acting Speaker (Mr. Blaker):** The question is on Motion No. 33. Those in favour of the said motion will please say yea.

**Some hon. Members:** Yea!

**The Acting Speaker (Mr. Blaker):** Those opposed, will please say nay.

**Some hon. Members:** Nay!

**The Acting Speaker (Mr. Blaker):** In my opinion, the nays have it.

**Mr. Knowles:** On division.

**The Acting Speaker (Mr. Blaker):** I declare the motion negatived on division.

Motion No. 33 (Mr. Rae) negatived.

**The Acting Speaker (Mr. Blaker):** The question is on motion No. 34. Those in favour of the said motion will please say yea.

**Some hon. Members:** Yea!

**The Acting Speaker (Mr. Blaker):** Those opposed, will please say nay.